

OGC Has Reviewed

25 May 1977

NOTE FOR: DD/Pers

STATINTL FROM :

DD/Pers/SP

SUBJECT : OGC 77-3299, Shannon v. United States Civil Service
Commission (attached)

1. This injunction certainly will apply to any Agency retirees under the Civil Service system. The court did not decide just in the case of Shannon but, rather, found that his complaint met the tests for a class action and therefore decided, when issuing the injunction, that it applied to the overpayment to Civil Service annuitants (meaning all such annuitants). It follows, therefore, that it would apply to Agency personnel who are annuitants under the Civil Service system. There appears to be nothing for us to do other than to be informed of this case since the administration of annuities is by the Civil Service system.

2. I would imagine that this particular case does not impact on CIARDS annuitants because I doubt that we could transfer the effect of a decision from one retirement system to another retirement system. Be that as it may, however, I would think that this decision would give us a good opportunity to work with the Office of Finance to assure ourselves that we have well developed procedures for handling overpayments to annuitants, which procedures give them adequate prior notice of intended actions on the part of the CIARDS system.

STATINTL

Att

Distribution:

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1 - DD/Pers/SP Policy File

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STATINTL DD/Pers/SP/ [redacted] ec (25 May 77)

OGC 11-3299

23 May 1977

MEMORANDUM FOR: Director of Finance
Deputy Director of Personnel

STATINTL FROM: [REDACTED]
Assistant General Counsel

SUBJECT: Shannon v. United States Civil Service
Commission

1. During a recent conversation, Mr. Craig Pettibone, Bureau of Retirement, Insurance and Occupational Health, advised the undersigned of subject case (copy attached for your information).

2. The plaintiff (Shannon) objected to the collection of an overpayment of his annuity without first affording him the opportunity to appeal or contest the action. On February 18, 1977 U.S. District Judge Williams granted a preliminary injunction enjoining the CSC from recouping overpayment to civil service annuitants without:

a. Giving notice of the proposed recoupment and the reasons therefor;

b. Giving notice of the right to waiver and the standards entitling an annuitant to waiver consideration;

c. Giving notice of the right to submit a written protest to the finding of overpayment and to request waiver;

d. Informing any annuitant who has requested either a reconsideration or waiver of the final decision on the request prior to the initiation of annuity recoupments; and

e. Giving notice that upon request a de novo evidentiary hearing will be held subsequent to the initiation of recoupment procedures wherein the annuitant may be represented by counsel, if desired, and may present evidence and cross-examine witnesses. Defendants are ordered to take the necessary steps to implement such an appeal procedure.

3. Though the injunction does not specifically run to the Agency, it may impact on Agency personnel under the Civil Service Retirement System, and it is therefore brought to your attention for whatever action you deem appropriate.



STATINT

Att.

21 MAR 1977

How has the retirement system progressed as compared with the original plans in terms of numbers of retirees, financing and etc.?

SECRET

The CIA Retirement System (CIARDS) has proved to be a most effective tool in the management of attrition from the Agency of those "certain" employees in the operational cadre (and its supporting elements).

From the outset, even during the Congressional hearings at which the System was proposed, it was contemplated that CIARDS would cover about [redacted] Agency employees, that it would serve to keep the operational cadre young and vital, and that it would also serve to remove from the Agency those employees who had experienced motivational exhaustion, whose skills became obsolescent or who, because of changes in operational orientation, had become surplus to the Agency's needs. Today, after nearly 11-1/2 years of experience with the System, we can confidently conclude that these objectives have been met.

About [redacted] employees are participants in CIARDS, a proportion of Agency strength satisfyingly close to the original estimate. That the operational cadre has been kept young is seen from this record of average retirement ages under the System:

FY-67	age 55.1
FY-68	age 54.3
FY-69	age 54.4
FY-70	age 54.9
FY-71	age 53.2
FY-72	age 52.7
FY-73	age 53.3
FY-74	age 51.7
FY-75	age 51.8
FY-76	age 51.2

The number of retirements from FY-1965 through FY-1976 was [redacted]. The following figures show the fall-out of CIARDS retirements at grades GS-13 and above for the fiscal years 1972 through 1976:

<u>FISCAL YEAR</u>	<u>GS-13 and UP</u>
1972	64%
1973	68%
1974	63%
1975	58%
1976	61%

SECRET

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When these figures (ages, numbers and grades) are considered together, it is readily apparent that CIARDS has fulfilled the expectations Agency management had foreseen when proposing it initially.

* * *

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Comments re financing were dictated over the phone by [REDACTED] to a secretary who he said is "at the other end" and who will add his comments to the above statement.

SECRET